

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03  
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USMISSION NATO  
USEC BURSELS

C O N F I D E N T I A L MADRID 0286

E.O. 11652: GDS  
TAGS: PINT, SP  
SUBJECT: LIBERALS VIEW CURRENT SITUATION

REF: MADRID 0241

SUMMARY: FOUR LIBERAL LEADERS EXPRESS OPTIMISM ABOUT THE  
SHORT-TERM POLITICAL PROSPECTS, BUT CONCERN OVER SPAIN'S  
ECONOMIC PROBLEMS AND THEIR POSSIBLE LONG-TERM POLITICAL  
RAMIFICATIONS. END SUMMARY.

1. THE LEADERS OF THE SMALL INFORMAL  
LIBERAL COALITION, SATRUSTEGUI, LARROQUE, JOAQUIN GARRIGUES  
AND CAMUNAS LUNCED WITH ME JANUARY 12. DURING AN  
EXTENDED POLITICAL TOUR D'HORIZON, THEY MADE THE FOLLOWING  
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POINTS:

2. POLITICAL OUTLOOK. ALTHOUGH PROBLEMS REMAIN, THE  
PROGNOSIS IS GOOD. A BROAD CENTRIST ELECTORAL COALITION  
IS LARGELY THE KEY TO A POSITIVE SHORT-TERM EVOLUTION, AND  
OUGHT TO BE CONSUMMATED WITHIN SIX WEEKS. SATRUSTEGUI  
EXPRESSED RESERVATIONS ABOUT THE PARTIDO POPULAR OF

AREILZA, CABANILLAS, ET AL AS A MEMBER OF THE COALITION, BUT FELT THAT CHRISTIAN DEMOCRATS, SOCIAL DEMOCRATS, AND LIBERALS WOULD SURELY GET TOGETHER. LARROQUE DEMURRED SOMEWHAT FROM THIS OPTIMISM, NOTING THAT THERE PERSISTED A NUMBER OF COMPETING, AND CONFUSING, FORMULAS FOR THIS ELECTORAL COOPERATION (E.G., DIFFERENT ALLIANCES IN THE UPPER AND LOWER HOUSE CONTESTS AND PERHAPS FROM PROVINCE TO PROVINCE).

3. AMNESTY. SATRUSTEGUI CAME DOWN HARD IN PRINCIPLE FOR A TOTAL AMNESTY, ALTHOUGH HE RECOGNIZED THAT THIS WOULD BE POLITICALLY DIFFICULT. A BASQUE HIMSELF, HE POINTED OUT THAT ALMOST ALL REMAINING "POLITICAL" PRISONERS ARE BASQUES, WHOSE ANTI-REGIME ACTIVITIES ARE VIEWED BY MANY FELLOW BASQUES AS JUSTIFIABLE RETRIBUTION FOR POLICE TERRORISM, AND SAID THAT THE BEST WAY TO PREVENT THE BASQUE PROVINCES FROM BECOMING DEMOCRATIC SPAIN'S "ULSTER" WAS TO "WIPE THE SLATE CLEAN AND BEGIN AGAIN." CAMUNAS, LARROQUE, AND GARRIGUES, IN CONTRAST, SUPPORTED THE UNCONDITIONAL RELEASE OF ALL NON-TERRORISTS BUT PREFERRED A CIVILIAN JUDICIAL REVIEW OF OBVIOUS TERRORIST CASES IN ORDER TO PROVIDE DUE PROCESS FOR THOSE CONVICTED WITHOUT IT UNDER FRANCO,(WHICH MAY BE CLOSER TO WHAT THE GOS HAS IN MIND). SATRUSTEGUI HIMSELF AGREED THAT THE POLICE AND MILITARY WOULD BE OPPOSED TO RELEASE OF THOSE CONVICTED OF ASSASSINATION.

4. THE COMMUNISTS. SATRUSTEGUI, PREFACING HIS REMARKS WITH A REFERENCE TO HIS REPUTATION AS A COMMITTED ANTI-COMMUNISTS, ADVOCATED THE LEGALIZATION OF THE PCE AS PART AND PARCEL OF SPAIN'S TRANSFORMATION INTO A WESTERN-STYLE CONFIDENTIAL

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DEMOCRACY. HE ADDED THAT LEGALIZATION, AS SOON AS POSSIBLE, WAS THE MEANS FOR NEGATING THE "PREMIUM" WHICH ACCRUES TO THE PCE IN CLANDESTINITY AND, THROUGH THEIR PARTICIPATION, OF COMPELLING THEM TO SHARE THE BURDEN AND PLAY BY THE RULES DURING WHAT IS CERTAIN TO BE A DIFFICULT ECONOMIC PERIOD. THE ALTERNATIVE, HE SAID, WOULD BE TO LEAVE THE PCE ON THE OUTSIDE LOOKING IN, FREE OF RESPONSIBILITY AND WELL PLACED TO UNDERMINE THE GOVT'S EFFORTS TO GET THE ECONOMY MOVING AGAIN. EVEN SO, THE LIBERALS WOULD NOT CONDITION THEIR ELECTORAL PARTICIPATION ON THE LEGALIZATION OF THE PCE, NOR DID THEY BELIEVE THAT OTHER NON-COMMUNIST GROUPS WOULD DO SO, SO LONG AS THE GOVT DELIVERED ON OTHER IMPORTANT ISSUES, SUCH AS FREE AND FAIR ELECTIONS AND SOME MOVEMENT OF AMNESTY. IN RESPONSE, I REITERATED OUR NEUTRALITY ON THE PCE LEGALIZATION ISSUE, IT WAS A MATTER FOR THE SPANISH TO DECIDE, THOUGH THIS ISSUE OBVIOUSLY SHOULD NOT BE THE ACID TEST FOR SPANISH DEMOCRATIZATION.

5. THE U.S. AND SPANISH DEMOCRACY. SATRUSTEGUI

BROUGHT UP THE LONG-STANDING TIES BETWEEN U.S. AND FRANCO SPAIN, AND HE AND CAMUNAS ASKED WHAT THE U.S. POLICY WOULD BE IF THERE SHOULD BE AN EFFORT TO REVERT TO A DICTATORSHIP. I RESPONDED THAT FRANCO SPAIN WAS A FACT, BUT THAT WAS NOW HISTORY. WE HAVE GIVEN FIRM SUPPORT AND ENCOURAGEMENT TO THE DEMOCRATIZATION PROCESS AND I FELT CERTAIN THAT THAT SUPPORT AND ENCOURAGEMENT WOULD CONTINUE UNABATED UNDER PRESIDENT CARTER. I PERSONALLY BELIEVED THAT THE US WOULD BE STRONGLY OPPOSED TO ANY ATTEMPT TO RETURN SPAIN TO AN AUTHORITARIAN SYSTEM AND THAT SUCH AN ATTEMPT WOULD HAVE PROFOUNDLY NEGATIVE EFFECTS ON US-SPANISH RELATIONS. THE OTHERS THEN ASKED IN A QUESTION THAT IS BEING HEARD WITH SOME FREQUENCY HERE, WHAT TANGIBLE SUPPORT THE U.S. WAS PREPARED TO PROVIDE DEMOCRATIC SPAIN, PARTICULARLY IF THE ECONOMIC SITUATION

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DETERIORATES SHARPLY, IN PART DUE TO ENERGY CRISIS. I RESPONDED THAT THE DAYS WHEN ANY COUNTRY COULD EXPECT A MASSIVE INFUSION OF BILATERAL US GOVT. AID ARE OBVIOUSLY GONE. HOWEVER, IT WAS QUITE CLEAR THAT THE EFFORTS THE US IS MAKING TO REINVIGORATE ITS OWN ECONOMY AS WELL AS MULTI-LATERAL EFFORTS IN THE FRAMEWORK OF EUROPE AND JAPAN ARE IMPORTANT INDICATORS OF US CONCERN OVER CURRENT PROBLEMS FACED BY FREE WORLD ECONOMIES. I ALSO POINTED OUT THAT THE INDIVIDUAL EFFORTS OF EACH COUNTRY MUST REFLECT A SIMILAR APPROACH. STABLER

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